



MEETING POSTING TOWN OF NANTUCKET

Pursuant to MGL Chapter 30A, § 18-25

All meeting **notices and agenda** must be filed, and time stamped with the Town Clerk's Office and posted at least 48 hours prior to the meeting (excluding Saturdays, Sundays and Holidays)

RECEIVED

2023 AUG 18 AM 10:07
NANTUCKET TOWN CLERK
Posting Number:T 744

Committee / Board

AFFORDABLE HOUSING TRUST

Day, Date, and Time

TUESDAY, August 22, 2023 @ 12:30 PM

Location / Address

REMOTE PARTICIPATION VIA ZOOM (*See Below*)

**THE MEETING WILL BE AIRED AT A LATER TIME ON THE
TOWN'S GOVERNMENT TV YOUTUBE CHANNEL AT**

<https://www.youtube.com/channel/UC-sgxA1fdoxteLNzRAUHIxA>

Signature of Chair or
Authorized Person

Ellis Ramos

Housing & Real Estate Office Manager

WARNING:

**IF THERE IS NO QUORUM OF MEMBERS PRESENT, OR IF
MEETING POSTING IS NOT IN COMPLIANCE WITH THE OML
STATUTE, NO MEETING MAY BE HELD!**

AGENDA FOR 8-22-23

Please list below the topics the chair
reasonably anticipates will be discussed at
the meeting.

PLEASE CLICK ON FOLLOWING LINK TO JOIN ZOOM MEETING:

Join Zoom Meeting

<https://us06web.zoom.us/j/81014079135?pwd=NzYxMmFhRlRdGxocVQ2WlJBL1dmdz09>

Meeting ID: 810 1407 9135

Passcode: 509234

I. Call to Order

II. Approval of Agenda – ACTION

III. Approval of Minutes – ACTION

- March 28, 2023
- April 4, 2023
- April 7, 2023
- April 25, 2023
- May 3, 2023
- May 25, 2023
- May 30, 2023
- June 13, 2023
- June 20, 2023
- July 5, 2023
- July 25, 2023
- August 3, 2023
- August 8, 2023

IV. Public Comment

V. Election of Trust Officers – ACTION

VI. Proposal from The Richmond Company Regarding Acceleration of 80% AMI Homeownership Construction – REVIEW & ACTION

VII. Year-Round Deed Restriction Action Plan – DISCUSSION

VIII. Other Business

Next Meeting

- 12:30pm on September 5th, 2023

IX. Board Comments

X. Executive Session, Pursuant to MGL C. 30A § 21(A)

- Purpose 6: To consider the purchase, exchange, lease or value of real property where an open meeting may have a detrimental effect on the negotiating position of the public body.

- i. 27 Fairgrounds Road
- ii. 44 Miacomet Road
- iii. 18, 18A, 20, 22, 24 and 26 Sparks Avenue

XI. Adjourn

MEMORANDUM

TO: Mr. Brian Sullivan, Chair

Cc: Philip Pastan, Kathryn Fossa, Tucker Holland, Brian Turbitt

FROM: Andrew D. Burek

**RE: Sandpiper Place AMI Restricted Housing Construction Loan Financing Request
in the proposed amount of \$3,100,000.00
21 Beach Grass Road, 4, 8, and 9 Bluet Court, 24A Evergreen Way, 3 Lilac
Court and 7 Sandplain Drive, Nantucket Town and County, Massachusetts.**

DATE: August 18, 2023

Dear Chair Sullivan:

This memorandum will serve as background for, and an outline of, this office's request, made on behalf of Richmond Great Point Development, LLC ("Richmond"), to the Nantucket Affordable Housing Trust for a construction loan financing facility which will be utilized to complete the construction of the final seven (7) AMI restricted homes retained by Richmond in its Sandpiper Place Workforce and Affordable Homeownership Development Projects. As discussed, the loan as herein contemplated will permit Richmond to expedite its construction of AMI-Restricted homes on pace to complete the construction of all remaining builds by the close of calendar year 2024. Richmond has been unable to identify funds from traditional financing sources and will be unable to complete the home construction at this desired pace unless with more favorable financing terms such as are proposed in this Memorandum, almost exclusively due to the substantial disproportionality of the costs of construction as compared to the permitted sales prices of these homes. Without new financing, Richmond will likely be in position to construct only three to four of the remaining seven (7) homes within the same timeframe.

It is critical to expedite construction of these homes, at least in part, in response to the results of the recently conducted Affirmative Fair Housing Marketing outreach and lottery conducted for these homes. There are fifty-three (53) households qualified to purchase the six (6) homes (a factor of more than 8:1) that will be made available at 80% of AMI and there are eighteen (18) households qualified to purchase the one (1) and only remaining home to be made available at 175% of AMI. As is clear even from these limited statistics, and as you and the Board Members are all too well aware, there is simply not enough supply to meet the demand for affordable housing on Nantucket. It is also important to note that sixty-six (66) of the seventy-one (71)

qualified households list Nantucket addresses (almost 93% of the qualified households) as their primary residences. Assuming each of the homes offered in this stage of the lottery are purchased by Nantucket residents there will remain fifty-nine (59) Island households that, although making a life on Nantucket and qualified for the program, will not be offered an opportunity for homeownership at this time.

Proposed Loan Terms:

The basic and essential terms of Richmond's financing request are as follows:

- Total Project Cost of not more than \$4,200,000;
- Construction Loan Financing in the of \$3,100,000;
- Loan Proceeds to be funded at sooner of Closing or upon Borrower's evidence of investment of minimum equity to cover gap between loan funds and Total Project Cost (or \$1,100,000);
- Term: eighteen (18) months;
- Rate: Town's alternative investment yield fixed on the date of the loan understood to be approximately 6.25%;
- Repayment: Monthly payments of interest-only with partial principal repayments consisting of all net proceeds received by borrower upon the sale of all or any portion of the collateral. Outstanding principal balance of loan to be repaid in full upon sale and release of final lot of collateral;
- Prepayment Premium: Yield-Maintenance;
- Collateral: 1st mortgage loan on seven (7) residential Lots¹ and all improvements now or hereafter constructed.

Although you are generally familiar with Richmond's projects on Nantucket, I will take this opportunity to provide you with facts which may be relevant to your consideration of this request.

The Sandpiper Place Developments:

The Sandpiper Place Developments are located off of Old South Road east of Town and west of the Nantucket Memorial Airport on land now or formerly owned by Walter J. Glowacki. The Project divided approximately 16.5 acres of land area into two (2) residential housing subdivisions totaling ninety-four (94) buildable lots. The permits issued (issued in calendar year 2017) required that the Projects be constructed and / or sold with a component of workforce and affordable inventory of not less than twenty-seven (27) total restricted lots and thirty (30) total restricted units (each of the foregoing figures being inclusive of the three (3) lots fronting on Honeysuckle Drive conveyed to Housing Nantucket by Richmond on or about June, 2022 for non-monetary consideration). Cumulatively, nine (9) of the twenty-seven (27) restricted lots have dwellings constructed upon them. Of the remaining eighteen (18) Restricted Lots:

¹ See enclosed Exhibit and please also refer to Certificate of Title No. 24,872 filed with the Nantucket County Registry of Deeds. The financed properties consist of Lots 920, 921, 923, 924, 926, and 935 on Land Court Plan 16514-117; and Lot 1071 on Land Court Plan 16514-147.

- Richmond is responsible for construction on seven (7) total Lots;
- Nantucket Property Owner LLC is responsible for construction on eight (8) total Lots; and
- The three (3) Housing Nantucket Lots are presently under construction under a design-build arrangement between Housing Nantucket and The Richmond Company, Inc.

An exhibit identifying the two (2) distinct subdivisions, the location of the proposed collateral, and other current data points (focused principally upon ownership statistics and construction progress) is enclosed with this Memorandum for your reference.

Sandpiper Place I (South):

To date, Richmond has constructed and sold eight (8) homes to income-restricted households in the Sandpiper Place I (South) Development Project. Three (3) of those homes (all detached single-family dwellings) were sold to households certified as earning not more than 80% of AMI and five (5) of those homes were sold to households certified as earning not more than 175% of AMI (2 of these homes are duplex condominium units and 3 are detached single-family home units). Six (6) out of the seven (7) homes which are the subject of this financing request are located in Sandpiper Place I (South).

Of the forty-two (42) buildable lots permitted in the subdivision:

- Thirty-five (35) have been sold to third parties (comprised of 21-Market Rate Lots which are either occupied or nearing completion of construction; 6-Market Rate Lots which are vacant; and eight (8) AMI-Restricted Lots); and
- Seven (7) Lots remain owned by Richmond (1-Market Rate Lot; and 6-AMI Restricted Lots).

As a condition to the grant of the Special Permits of the Sandpiper Place Development Projects, the Nantucket Planning Board required that each subdivision comply with a construction ratio of two (2) Market-Rate Occupancy Certificates obtained for each one (1) AMI-Restricted Occupancy Certificate obtained in excess of the first thirteen (13) market-rate Occupancy Certificates granted. The current state of construction progress (as summarized in the tables in the attached exhibit) demonstrates that Richmond is in compliance with this condition. Twenty-one (21) Market-Rate Lots have been granted Occupancy Certificates while the condition permits for up to twenty-nine (29) Occupancy Certificates, derived by multiplying the eight (8) AMI-Restricted Lots for which Occupancy Certificates have issued by a factor of two and adding the initial thirteen (13) certificate allowance. Consequently, even if all six (6) owners of vacant lots that are not Richmond construct dwellings and are issued Occupancy Certificates, then Richmond as the project sponsor will still remain in compliance with the condition by an additional two (2) Occupancy Certificates.

Sandpiper Place II (North):

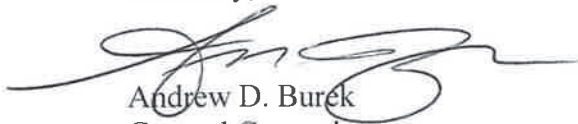
The Sandpiper Place II (North) Development Project was initially developed for a total of fifty-two (52) residential dwelling Lots. Subsequent permitting by Nantucket Property Owner LLC has resulted in the conversion and relocation of one (1) AMI-Restricted Lot into a Community Pool Amenity and transfer of the AMI-Restricted Lot into Sandpiper Place I (South). Presently, thirteen (13) of the Lots are AMI-Restricted Lots and thirty-eight (38) are Market-Rate Lots. To date:

- Richmond has sold ten (10) Market-Rate Lots to third parties (comprised of eight (8) Market-Rate Lots which are either occupied or nearing completion of construction; and two (2) market-rate vacant lots);
- Richmond sold an increment of thirty-five (35) Lots (one of which was converted to the Community Pool Amenity) in one transaction to Nantucket Property Owner LLC consisting of twenty-five (25) Market-Rate Lots and ten (10) AMI-Restricted Lots (1 of the AMI-Restricted Lots was transferred to Sandpiper Place I (South) by NPO); and
- Richmond conveyed three (3) AMI-Restricted Lots to Housing Nantucket; and
- Richmond has retained ownership of four (4) total Lots (3-Market Rate Lots; 1-AMI Restricted Lot).

As indicated in the table in the attached exhibit, the Sandpiper Place II (North) Development is likewise in compliance with the Planning Board's building ratio condition. A fifteen (15) Occupancy Certificate allowance exists against nine (9) outstanding Market-Rate Occupancy Certificates. Unlike the Sandpiper Place I (South) Project, however, NPO is the primarily responsible party for ensuring compliance with this condition due to its ownership of the majority of Lots in the subdivision of each class. Richmond retains only one (1) remaining AMI-Restricted Lot and intends to commence construction upon that Lot as soon as practical.

As always, thank you for your time in understanding our efforts to provide quality affordable and workforce housing to the community and in consideration of this request. We hope that with your assistance Richmond deliver the remainder of its units by the end of calendar year 2024. I can be reached for further discussion and questions by electronic mail delivered to aburek@richmondco.com, or by telephone at (617) 467-0192.

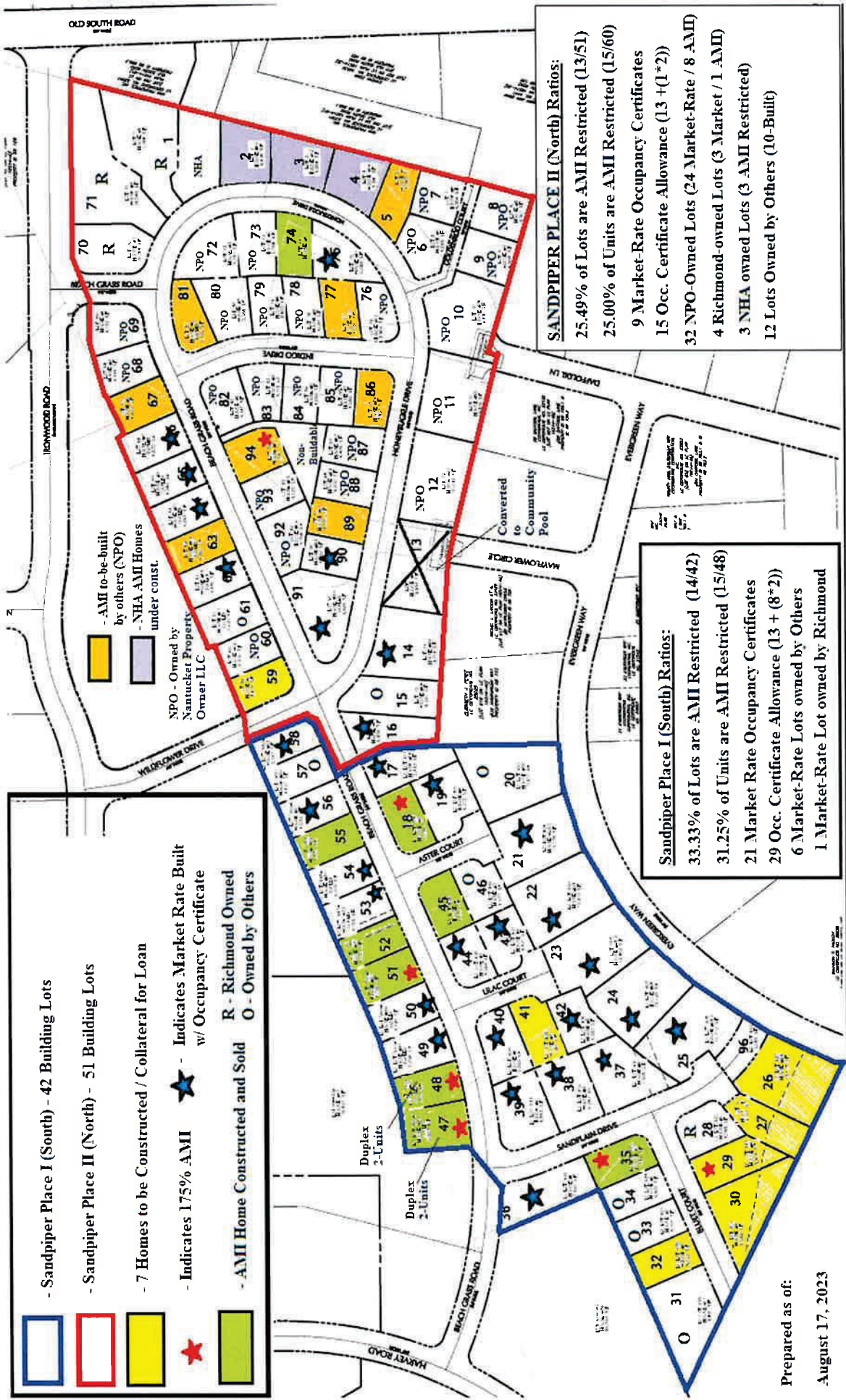
Sincerely,



Andrew D. Burek
General Counsel

Enc.

END OF TEXT.



Prepared as of:
August 17, 2023